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SIPDIS

SENSITIVE

STATE FOR AF/S AND AF/EX
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER

1E. O. 12958: N/A
TAGS: EAGR ECON ZI
SUBJECT: Tobacco Buyers Reportedly Fund New Ventures Outside of Zimbabwe

Ref: Harare 338

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11. (SBU) Summary: Dispossessed white commercial farmers report that tobacco growers are trying to fund new ventures for them in third countries. Up to 170 tobacco farmers have reportedly entered into such start-up schemes. Other farmers report that they do not want to continue farming in Zimbabwe, but they have not decided whether they would pioneer in another country. End Summary.

12. (SBU) In a recent meeting with the Commercial Farmers Union (CFU), president Colin Cloete reported that "Big Tobacco" (he declined to identify who this actually is, but it appears to be tobacco buyers) is apparently financing new start-up programs for Zimbabwean tobacco farmers in third countries, particularly Zambia. According to Cloete, some tobacco buyers who need the flue-cured flavor tobacco traditionally produced by Zim commercial farmers have opted to fund production of the product rather than either: a) change their long-standing blend, or b) hold out hopes for an adequate, if reduced, yield -- including smaller-leaved, less well-cured, and less valuable product -- from Zimbabwe. Tobacco buyers want the specific product and don't really want to be held hostage to the questionable success of Zimbabwe's agricultural reform.

13. (SBU) According to Cloete, tobacco buyers have offered to completely fund the start-up costs for approximately 300 established producers on new land in third countries, with pay-back times ranging from five to seven years. Up to 170 farmers have reportedly taken up such offers. Cloete himself noted that he is a farmer, not a pioneer nor a politician, and he would prefer (all things being equal) to continue exercising his skill in Zimbabwe -- a sentiment likely to prevail among third- and fourth-generation farmers. Most commercial tobacco farmers are in the position of trying to salvage anything they can from their lifelong investments, and some continue to farm in Zimbabwe despite the likelihood they will lose their farms before harvest. Many of the tobacco farmers still operational are fighting acquisition in court and/or struggling to fend off land grabs, whether legal or extra-legal. If (when) it becomes apparent to some of the farmers who are still trying to produce a crop that they will be wiped off the land, they may well give in and accept a tobacco-buyer-funded start-up elsewhere.

Why Some Farmers Are Taking Up the Offers

14. (SBU) Other farmers have given up all hope of a return to normalcy and business as usual in the country of their birth. One forty-five year old commercial tobacco farmer reported that, even though he is at the prime of his life as it relates to farming -- relatively young, healthy, and possessing a wealth of specialized experience -- he does not want to continue farming in Zimbabwe. He pointed out that tobacco, in particular, is a labor-intensive crop that depends on the trust and cooperation between the farmer and his labor force. Although like many commercial farmers he zealously attempted to protect his relationship with his workers, under pressure from war vets and the influence of Joseph Chinotimba's rogue "labor union," this farmer's labor force "turned" against him to the point that his former laborers participated in the occupation and looting of his farm.

15. (SBU) This particular farmer's land was purchased in 1999 after it was turned down by the GOZ, and has never received a Section 8, or Final Notice of Acquisition; because of repeated harassment, the family moved into town for its own safety. When his wife returned to the farm to check on horses that had been left under the care of some trusted former workers, she was assaulted and beaten -- along with her 17-year-old son and his friend, while her 11-year-old daughter watched in a state of shock -- by a group led by the politically-connected Zanu-PF beneficiary Themba

Mliswa, who is "claiming" their farm as a "new commercial farmer." How, this man wearily asked, could he again trust farm laborers who looted his property and then stood by, refusing to help, while his wife and son were being beaten by thugs in front of them?

Comment

16. (SBU) In sum, tobacco buyers are apolitical -- they are trying to ensure their continuing access to a specific ingredient, and much of that access depends upon the skill of the growers. If Zimbabwe's production does not meet the buyers' needs, the buyers have no qualms about dropping Zimbabwe in favor of a more controlled supply. This new venture may also indicate a desire by the buyers to move away from an auction-type model -- which would increase both freedom and income for the farmer, if the skewed economic policies at play in Zimbabwe were eliminated -- to a "captive-grower" model whereby the buyers would face less uncertainty and less competition for the final product. In any case, such a move underscores the fact that tobacco buyers know that expertise is crucial to produce the valuable product that they want -- it takes more than an interchangeable peasant farmer with a hoe. In the end, commercial farmers who decide that continuing to farm is their best survival strategy may well find the security offered by tobacco buyers to be more seductive than the "freedom" - and concomitant risks - which a kinder and gentler Zimbabwe previously offered.

17. (SBU) As we have pointed out, however (reftel), once these farmers go, the GOZ loses a potential resource vital for rebuilding the shattered economy -- and must further contend with a costly compensation claim hanging over its head. End comment.